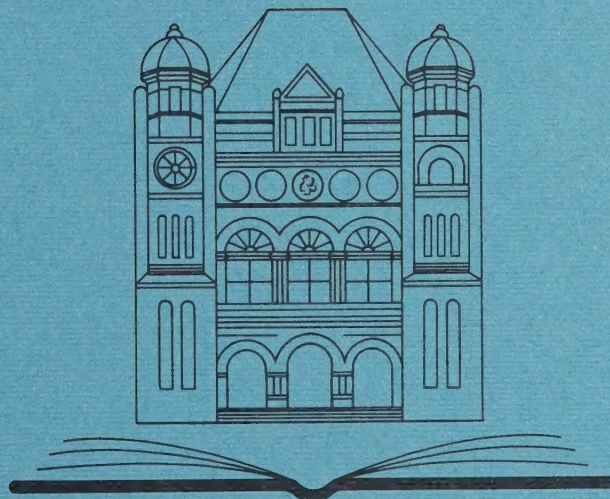


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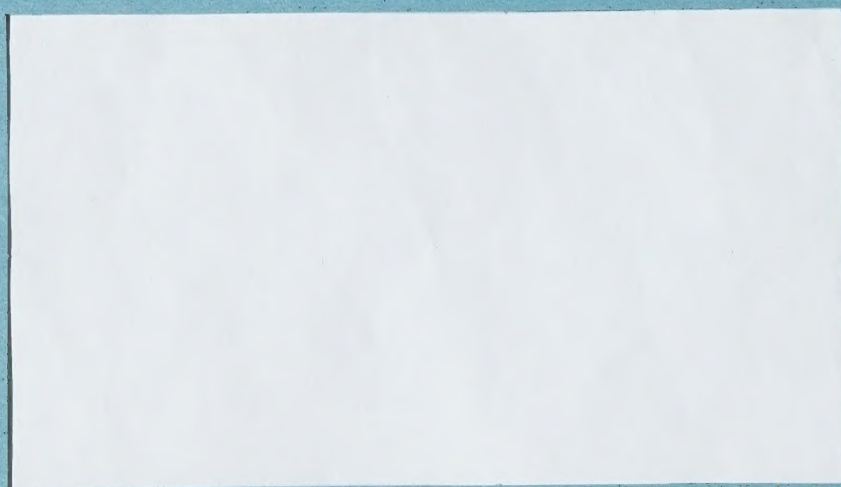
ONTARIO'S ROADWAY LINKS  
WITH THE UNITED STATES:  
IMPORTANCE AND ISSUES

*Current Issue Paper 139*



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**ONTARIO'S ROADWAY LINKS  
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*Current Issue Paper 139*

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May 1993



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## INTRODUCTION

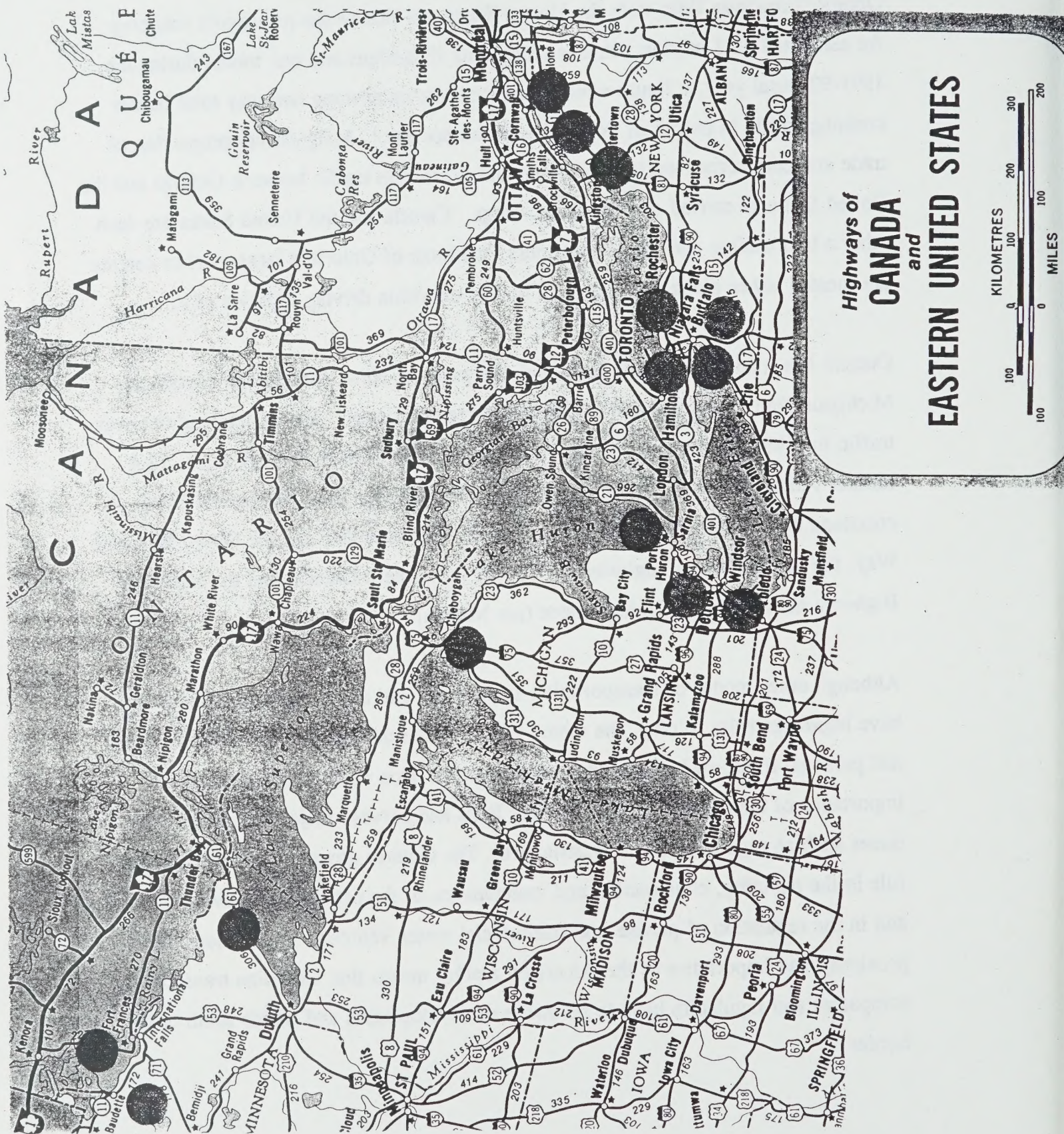
Ontario's roadway links with the United States are vital to the province's economy. An estimated 53.1 million vehicles crossed its 13 bridges and one tunnel during the 1991-92 fiscal year, a figure which translates into an average two-way total border crossing traffic in excess of 145,000 vehicles per day.<sup>1</sup> A significant proportion of trade and commerce, tourism, personal and short-term traffic between Ontario and the United States is carried over these crossings. Canada and the United States are each other's best trading and tourism partners, and most of Ontario's largest urban centres are located either along the American border or within driving distance of it.

Ontario has roadway crossing links with the states of New York (seven crossings), Michigan (four crossings) and Minnesota (three crossings). Annual inbound one-way traffic for 1991-92 amounted to 13.1 million vehicles from New York State, 12.4 million vehicles from Michigan and 1.01 million vehicles from Minnesota. These crossings link up with major freeways such as Highways 401 and the Queen Elizabeth Way, the Trans-Canada Highways 11 and 17 in northern Ontario and the Interstate Highway network in the United States (see Map A).

Although other modes of transportation such as air, rail and Great Lakes shipping have important roles to play, the motor vehicle is the dominant means of commercial and personal transport between the two countries. This paper focuses on the importance of these cross-border roadway links and surveys major associated policy issues such as regulation and infrastructure. The Ontario government plays a central role in the planning, construction and maintenance of the provincial highway system and in the regulation of private and commercial motor vehicles. In addition, the proximity and importance of the American market means that Canadian transportation companies and regulators have to be aware of developments and trends south of the border.



**MAP A**  
**LOCATION OF ONTARIO'S ROADWAY**  
**BORDER CROSSINGS (14) WITH THE UNITED STATES**



Source: Canada, Canadian Government Office of Tourism, Canadian Highway Map.



## Trade with the United States

The United States and Canada are each other's largest trading partners. Canadian trade figures show that, in 1991, of total Canadian merchandise trade exports valued at \$145.6 billion, 75%, were shipped to the United States (\$109.6 billion); of Canadian merchandise imports valued at \$135.2 billion, 64% were obtained from the United States (\$86.2 billion).<sup>2</sup>

American trade figures for 1991 show that its exports to Canada, valued at U.S. \$85.1 billion, constituted 20% of all U.S. exports, and that Canada was its single largest export market. American imports from Canada in 1991, valued at U.S. \$91.1 billion, constituted 17% of imports and were second only to American imports from Japan of U.S. \$91.5 billion.<sup>3</sup>

The United States is also Ontario's leading trading partner. In 1991, 88% of Ontario's merchandise exports went to the United States (\$58.7 billion of total exports of \$66.9 billion). Motor vehicles and parts were the leading export commodity, and, at \$28.9 billion, made up 43% of exports by value. Ontario's exports to Ohio and Illinois exceeded \$2 billion: \$2.7 billion and \$2.1 billion respectively.<sup>4</sup> In 1991 the three states leading in exports to Ontario by value were Michigan (\$28.5 billion), New York State (\$7 billion) and California (\$3.4 billion).

In addition, most of Ontario's imports derive from the United States. In 1991, 75% of Ontario's total merchandise imports (\$59.5 billion of total imports of \$79.2 billion) came from the U.S. The province's leading import commodity was motor vehicles and parts, which, with a value of \$18.1 billion, constituted 23% of imports.<sup>5</sup> By value of imports the three leading states in 1991 were Michigan (\$14.6 billion), Ohio (\$6.2 billion) and New York State (\$4.3 billion). Imports from four other states also exceeded \$2 billion: Illinois (\$3.8 billion), California (\$3.2 billion), Pennsylvania (\$2.5 billion) and Indiana (\$2.3 billion).<sup>6</sup> Table 1 presents the breakdown by state of Ontario's 1990 and 1991 exports and imports with the United States. In October 1992



Canadian merchandise exports were reported to have reached record levels, with most of the increase due to Canadian exports of \$10.7 billion to the United States.<sup>7</sup>

TABLE 1  
ONTARIO'S TRADE WITH THE UNITED STATES  
BY STATE 1990 AND 1991  
(Note: figures in \$ thousands)

	1990		1991	
	EXPORTS	IMPORTS	EXPORTS	IMPORTS
ALABAMA	118,160	504,100	120,545	519,298
ALASKA	30,438	4,100	41,779	17,487
ARIZONA	131,055	332,119	133,960	282,001
ARKANSAS	56,835	248,850	92,927	258,551
CALIFORNIA	2,943,339	3,151,658	3,454,764	3,209,609
COLORADO	2,883,923	280,123	987,328	294,918
CONNECTICUT	611,658	669,591	556,766	686,181
DELAWARE	130,372	604,289	185,583	529,355
DISTRICT OF COLUMBIA	29,972	13,252	24,035	11,040
FLORIDA	514,238	823,151	714,054	815,698
GEORGIA	524,825	843,913	543,100	900,791
HAWAII	6,627	5,306	7,483	2,883
IDAHO	14,750	53,119	16,552	67,666
ILLINOIS	2,593,104	3,878,140	2,144,326	3,817,948
INDIANA	784,169	2,312,195	813,345	2,305,438
IOWA	164,044	535,562	175,614	492,612
KANSAS	136,739	331,675	253,192	330,436
KENTUCKY	460,813	804,209	563,745	715,734
LOUISIANA	73,090	231,000	76,551	228,757
MAINE	92,323	88,415	91,973	80,573
MARYLAND	327,882	333,987	286,955	301,133
MASSACHUSETTS	698,058	1,444,132	887,970	1,800,814
MICHIGAN	29,780,289	14,757,316	28,502,875	14,642,484
MINNESOTA	740,163	837,654	738,215	892,676
MISSISSIPPI	41,343	250,644	71,209	246,831
MISSOURI	432,474	1,090,750	576,091	1,342,603
MONTANA	71,454	6,943	23,409	11,929
NEBRASKA	78,847	142,992	83,319	153,454
NEVADA	14,158	126,856	23,488	50,446
NEW HAMPSHIRE	88,888	163,158	85,579	175,341
NEW JERSEY	1,886,636	1,539,351	1,560,107	1,827,614
NEW MEXICO	9,332	19,046	11,141	22,356
NEW YORK	6,530,521	4,323,964	7,049,819	4,293,427
NORTH CAROLINA	399,423	1,314,432	643,506	1,396,313
NORTH DAKOTA	25,325	37,191	24,138	30,784
OHIO	2,862,462	6,916,805	2,731,768	6,226,881



	1990		1991	
	EXPORTS	IMPORTS	EXPORTS	IMPORTS
OKLAHOMA	75,614	341,517	134,127	445,328
OREGON	125,869	226,398	132,659	195,238
PENNSYLVANIA	1,877,848	2,634,023	1,763,362	2,467,946
RHODE ISLAND	80,653	100,234	88,771	127,681
SOUTH CAROLINA	180,354	498,532	208,626	537,309
SOUTH DAKOTA	7,500	72,631	63,468	85,177
TENNESSEE	357,494	1,053,795	404,993	1,150,712
TEXAS	939,564	1,857,520	1,206,761	1,892,725
UTAH	44,584	296,531	85,272	169,988
VERMONT	64,478	44,782	118,169	38,242
VIRGINIA	414,529	571,807	522,042	573,895
WASHINGTON STATE	481,983	385,609	619,218	327,319
WEST VIRGINIA	94,040	285,809	98,328	185,702
WISCONSIN	1,063,570	1,811,447	861,503	1,479,371
WYOMING	1,775	10,462	4,856	7,642
PUERTO RICO	52,288	255,446	162,420	253,418
U.S. VIRGIN ISLANDS	3,280	810	26,081	483
OTHER & UNALLOCATED	2,204,640	925,831	1,431,644	597,181
<b>TOTAL UNITED STATES</b>	<b>64,357,792</b>	<b>60,393,173</b>	<b>62,229,512</b>	<b>59,517,419</b>
<b>TOTAL ALL COUNTRIES</b>	<b>74,414,092</b>	<b>79,102,351</b>	<b>70,744,501</b>	<b>79,182,723</b>

Source: Statistics Canada data obtained from Trade Policy Branch,  
Ontario Ministry of Industry, Trade and Technology

## Canadian-American Tourism

The vast majority of international travellers entering Canada are Americans, and most Americans who travel to Canada come by automobile. In 1991, of 36.88 million international visitors to Canada, 91% were from the United States.<sup>8</sup> Of total international visitor spending in Canada in 1990, Americans accounted for \$4.36 billion or almost 59% of the total \$7.43 billion. During the first six months of 1992, of 9.89 million non-resident travellers entering Canada through Ontario, 9.24 million, or over 93%, were Americans. Of these, 8.14 million (88%) entered Ontario by car and 398,000 (4.3%) by bus.<sup>9</sup> The number of Americans coming into the country by other major modes of transportation included 517,000 travellers by air, 101,000 by



boat and 12,500 by rail. Canada and Ontario also receive numerous non-American international visitors, who enter by way of the United States.<sup>10</sup>

According to 1991 American international tourism figures, 44.5% of the total 42.9 million international arrivals were Canadian, and Canadians constituted the largest group of arrivals by nationality of entrants.<sup>11</sup> Major destinations for Ontarians staying one or more nights in the United States are New York State, Florida and Michigan.<sup>12</sup>

Canadians travel more often to the United States than to any other country. During the first eight months of 1992, 54.61 million (96%) of 56.84 million international trips by residents of Canada were to the United States. Of this total, almost 71% of these trips were on the same day; and, of these same-day trips, 50.2 million (88%) were by automobile and 980,000 (1.7%) were by bus.<sup>13</sup>

Also during the first eight months of 1992 an estimated 13.55 million trips of one or more nights were taken by residents returning to Canada from the United States. Ontario was the province of entry for 6.07 million of these trips, and the automobile was the mode of entry for 4.31 million of them.<sup>14</sup>

As well as being important points of access for tourists between the two countries, several of the border waterway areas are major tourist destinations in their own right. The Niagara River with its world-famous Falls and other attractions is a popular tourist centre, as is the Thousand Islands area of the St. Lawrence River. In northwestern Ontario, the Ontario-Minnesota waterways support recreational activities and tourism for residents of Ontario, Manitoba and Minnesota.

## **TRAFFIC AT THE BORDER CROSSINGS**

### **Motor Vehicles**

The border crossings along the Niagara, Detroit and St. Clair rivers are the busiest in Ontario, and some of the most active along the entire international border (see Table



2). Peace Bridge, spanning the Niagara River and linking Buffalo, New York and Fort Erie, Ontario, is considered the single most-travelled bridge border crossing with the United States.<sup>15</sup> For 1991-92, total inbound traffic entering Canada on this bridge totalled 4.16 million vehicles: 3.65 million automobiles and more than 495,000 trucks and 15,000 buses. Combined bridge and tunnel traffic between Windsor, Ontario and Detroit, Michigan is even greater, exceeding 7.6 million vehicles entering Canada (see Table 2).

The Niagara River bridges are among the most famous and historic in Canada. In 1848 the first Suspension Bridge across the Niagara River between Canada and the United States was opened to carriage traffic. Downstream from Niagara Falls the well-known Rainbow Bridge, which connects the cities of Niagara Falls, New York and Ontario, celebrated its fiftieth anniversary in 1991.<sup>16</sup> It replaced the earlier Falls View Bridge that was destroyed by an ice jam in January 1938. The abutments for the Rainbow Bridge arch were designed to be well above historic ice levels in the Niagara River.<sup>17</sup>

Table 3 contains information on the four seasonal international ferry services that operate between Ontario and points in the United States. Although the total number of inbound vehicles carried on these services for 1991-92 is small — 271,523 compared with 26.57 million inbound vehicles using the fixed crossings — these ferry services serve local needs, supplement fixed crossings and also contribute to local tourist traffic. Three of the four ferry services are privately owned and operated. The vessels between Pelee Island, Ontario and Sandusky, Ohio are owned and operated by the Ontario government and subsidized by the Ontario Ministry of Transportation.<sup>18</sup>



**TABLE 2**  
**NAME, LOCATION AND TRAFFIC INBOUND INTO ONTARIO (1991/92)**  
**FOR BORDER CROSSINGS (14) WITH THE UNITED STATES**

STATE, RIVER CROSSED AND BRIDGE OR TUNNEL	LOCATIONS LINKED	1991/92 ONTARIO INBOUND TRAFFIC
<b>Ontario-New York</b>		
<i>St. Lawrence River</i>		
Seaway Bridge	Cornwall, Ont.-Massena, N.Y.	1,176,871 vehicles: 1,146,281 autos; 26,561 commercial vehicles; 4,029 buses
Ogdensburg-Prescott Bridge	Prescott, Ont.-Ogdensburg, N.Y.	393,562 vehicles: 375,662 autos; 17,535 commercial vehicles; and 365 buses
Thousand Islands Bridge	Ivy Lea, Ont.-Collins Landing, N.Y.	907,639 vehicles: 779,458 autos; 125,953 commercial vehicles; and 2,228 buses
<i>Niagara River</i>		
Lewiston-Queenston Bridge	Queenston, Ont.-Lewiston, N.Y.	2,820,225 vehicles: 2,503,469 autos; 318,539 commercial vehicles; and 8,217 buses
Whirlpool Rapids Bridge (Note: this bridge also has an upper railway deck)	Niagara Falls, Ont. & N.Y.	1,182,626 vehicles: 1,162,757 autos; 18,998 commercial vehicles; and 871 buses
Rainbow Bridge	Niagara Falls, Ont. & N.Y.	2,470,036 vehicles: 2,439,953 autos; 1,289 commercial vehicles; and 28,794 buses
Peace Bridge	Fort Erie, Ont.-Buffalo, N.Y.	4,169,534 vehicles: 3,658,819 autos; 495,395 commercial vehicles; and 15,320 buses



STATE, RIVER CROSSED AND BRIDGE OR TUNNEL	LOCATIONS LINKED	1991/92 ONTARIO INBOUND TRAFFIC
<b>Ontario-Michigan</b>		
<i>Detroit River</i>  Ambassador Bridge	Windsor, Ont.-Detroit, Mich.	3,980,698 vehicles: 3,177,071 autos; 797,960 commercial vehicles; and 5,667 buses
Detroit-Windsor Tunnel	Windsor, Ont.-Detroit, Mich.	3,665,039 vehicles: 3,513,732 autos; 142,008 commercial vehicles; and 9,299 buses
<i>St. Clair River</i>  Blue Water Bridge	Point Edward, Ont.- Port Huron, Mich. (Note: Point Edward is a village separate from but surrounded by the City of Sarnia)	3,055,150 vehicles: 2,706,062 autos; 345,607 commercial vehicles; and 3,481 buses
<i>St. Marys River</i>  Sault Ste. Marie Bridge	Sault Ste. Marie, Ont. & Mich.	1,727,289 vehicles: 1,687,529 autos; 34,421 commercial vehicles; and 5,339 buses
<b>Ontario-Minnesota</b>		
<i>Pigeon River</i>  Pigeon River Bridge (Note: this bridge is toll-free)	Ontario-Minnesota on Hwy. 61	235,775 vehicles: 219,078 autos; 15,762 commercial vehicles; and 935 buses
<i>Rainy River</i>  Fort Frances-International Falls Bridge (Note: this bridge also carries a railway)	Fort Frances, Ont.- International Falls, Minn.	581,967 vehicles: 567,967 autos; 13,683 commercial vehicles; and 317 buses
Baudette-Rainy River Bridge (Note: this bridge is toll-free)	Rainy River, Ont.- Baudette; Minn.	194,064 vehicles: 190,127 autos; 3,130 commercial vehicles; and 807 buses

Note: The above crossings are listed east to west.

Source: Descriptive information on border crossings and traffic figures obtained from Transport Canada, Highway Policy and Program Branch, Ottawa.



**TABLE 3**  
**NAME, LOCATION AND TRAFFIC INBOUND INTO ONTARIO (1991/92)**  
**FOR SEASONAL FERRY SERVICES (4) TO THE UNITED STATES**

STATE, RIVER CROSSED	LOCATIONS LINKED	1991/92 ONTARIO INBOUND TRAFFIC
<i>Ontario-New York</i> St. Lawrence R.	Wolfe Island, Ont.-Cape Vincent, N.Y. ferry service (privately operated south of Wolfe Island)	20,483 vehicles: 20,471 cars, 10 buses, and 2 commercial vehicles
<i>Ontario-Ohio</i> Lake Erie (via Pelee Island)	3 boats are operated serving Leamington and Kingsville, Ont.-Pelee Island, Ont.- Sandusky, Ohio (operated by the Pelee Island Transportation Co. for the Ontario Ministry of Transportation)	1,238 cars (inbound from the United States at Leamington)  (Note; total 1991 traffic includes 63,712 passengers and 12,874 vehicles but this consists mainly of Canadian traffic to and from Pelee Island)
<i>Ontario-Michigan</i> St. Clair River	Walpole Island, Ont.-Algonac, Mich. (privately operated, near where the St. Clair River enters Lake St. Clair)	96,927 vehicles: 96,916 cars and 11 buses
St. Clair River	Marine City, Mich.-Sombra, Ont. (privately operated, 30 km. south of the Blue Water Bridge)	152,831 vehicles: 148,392 cars, 8 buses and 4,431 commercial vehicles

Note: The above ferry services are recorded east to west.

Sources: Descriptive information on the various ferry services provided by Passenger Modal Policy Office, Ministry of Transportation; inbound 1991/92 traffic figures obtained from Highway Policy and Program Branch, Transport Canada, Ottawa.

### Other Modes of Cross-Border Transportation

Although the primary focus of this paper is roadway transportation, cross-border air, rail and marine transportation are also important and will be discussed.

In 1991, 8.3 million scheduled air passengers travelled between Canada and the United States,<sup>19</sup> a decrease of 8.3% over the previous year. Ontario is the most-visited province, with 3.8 million passengers or 46% of total cross-border air passengers. Toronto alone reported 3.5 million cross-border passengers, and accounted for 90% of Ontario's cross-border traffic.<sup>20</sup> By traffic volume, the leading cross-border Canada-U.S. "city pair" is Toronto-New York with more than



0.72 million air passengers in 1991. Toronto-Chicago, Toronto-Los Angeles, Toronto-Boston, Toronto-Miami, Toronto-Tampa/St. Petersburg, and Toronto-San Francisco are also among the top ten "city pairs".<sup>21</sup>

In 1990 Canada's two national railway companies — Canadian National and Canadian Pacific — carried 9.3 million tonnes of cargo northbound into Canada from the United States and 30.5 tonnes of cargo southbound.<sup>22</sup> Total revenue freight carried by all Canadian railways in 1990 was 241 million tonnes.<sup>23</sup>

Ontario, which accounted for 78% of northbound cargo handled by the two national railways and 54% of southbound freight, was the busiest rail gateway province. Major northbound commodities included motor vehicle components and assemblies and clay and sand. Major southbound commodities shipped by rail from Ontario included newsprint, woodpulp and motor vehicles.<sup>24</sup>

In 1990, 232.3 million tonnes of international marine cargo — loaded or unloaded — were handled at Canadian ports. Of this total, 76.2 million tonnes (32.8%) were transborder marine cargo and the remaining 156.1 million tonnes (67.2%) were overseas cargo.<sup>25</sup> Of total transborder cargo, 43.06 million tonnes were loaded for shipment to the United States and 33.1 million tonnes were unloaded from the United States. Great Lakes cargo loaded for shipment to U.S. Great Lakes ports amounted to 14.48 million tonnes, and cargo unloaded from U.S. Great Lakes ports amounted to 24.8 million tonnes.

## **REGULATION OF INTERNATIONAL COMMERCIAL CARRIERS — TRUCKS AND BUSES<sup>26</sup>**

### **The Trucking Industry**

Carrying approximately one-half of total tonnage but accounting for more than three-quarters of the total value of trade, trucking is the "dominant mode of transportation in moving merchandise trade between Ontario and the U.S."<sup>27</sup> Ontario-Michigan traffic dominates transborder truck traffic and accounts for approximately one-quarter



of total motor carrier tonnage. Motor vehicle exports and auto part imports are the largest commodity groups, representing one-fifth of transborder trucking tonnage. In recent years truck traffic between Ontario and New York State has declined while longer distance traffic with California has increased.<sup>28</sup>

A significant proportion of the business and revenues of Ontario-based truckers is generated by cross-border commerce. It is estimated that Ontario motor carriers "hold between 50-60% of the transborder [trucking] market today".<sup>29</sup> International business is recognized as a growing component of Ontario's trucking industry and is estimated to constitute approximately 28% of revenues.<sup>30</sup>

Truckers engaging in international commerce must obtain appropriate Canadian and American operating authorities. In addition, if a trucker wishes to pick up and deliver within a province or state, the appropriate intraprovincial, intrastate or "local" operating authority must be obtained. There are no reciprocal arrangements between the two countries or between states or provinces with respect to issuing operating authorities. At the present time, international operating authorities in both countries — are deregulated and based upon a "fitness test" by the applicant. Existing operators are unable to oppose or to block applications by new applicants. Deregulation is therefore perceived as making it easier for new applicants to obtain operating authority.

In order to stabilize Ontario's trucking industry during difficult economic times, a two-year moratorium was placed upon issuing new intraprovincial truck operating authorities, effective April 25, 1991. This provision was effected through an amendment to the *Truck Transportation Act*. This measure applies equally to Canadian- and to American-based or owned trucks but does not affect applications for international operating authorities, which are subject to federal legislation.<sup>31</sup>

Intrastate trucking in Michigan, Minnesota and Ohio is still tightly regulated by the appropriate state regulatory agencies.<sup>32</sup> Michigan had attempted to liberalize its trucking regulations, but the measure was blocked in the late 1980s by the Democrat-



controlled House of Representatives. It would appear that New York State legislation allowing for the strict regulation of trucking has been liberally interpreted.<sup>33</sup>

Canadian and Ontario truckers are concerned that, despite deregulation in Ontario, the issuing of new intrastate operating authorities in most of the major northeastern states is still tightly restricted. American truckers — the Canadians claim — have been able to obtain intraOntario operating authorities whereas the same has not been true in most nearby American states.<sup>34</sup>

### *Depressed Transportation Business Conditions for Ontario Truckers*

Transborder trucking has been described as "derived demand" since it is dependent on general economic and commercial ties.<sup>35</sup> During the current recession, Ontario's trucking industry has faced significant over-capacity that has been described as "too many trucks chasing much less freight".<sup>36</sup> Many trucking firms have reduced their size or have ceased operation. In this business environment, concerns have been raised about the Canadian trucking industry's higher costs and difficulty in competing with often larger American trucking firms with operating rights in Ontario. In September 1991 a major Ontario Ministry of Transportation study, "Competitiveness of the Ontario Transborder Trucking Industry,"<sup>37</sup> was completed. In December 1991 the Canadian federal government introduced loss offset provisions. Designed to benefit the Canadian trucking industry, these provisions allow for a partial rebate of federal fuel taxes and for higher depreciation rates for new equipment.<sup>38</sup> Indications are that the recent decline in the value of the Canadian dollar relative to the American dollar, some upturn in economic activity in the United States and the recent increase in exports to the United States have improved business prospects and competitiveness in Ontario's trucking industry.<sup>39</sup>

### **The Motor Coach Industry<sup>40</sup>**

It is estimated that there are some 1,500 highway buses licensed in Ontario. Half the industry is involved in scheduled bus services and the other half is involved in



charters and tours. The United States is a very important market for the tour bus operators: several Ontario-based scheduled operators have the authority to deliver to terminals at American border point terminals such as Buffalo and Detroit, and Gray Coach Lines provide direct service to New York City.<sup>41</sup> The Rainbow and Peace bridges have the two highest bus crossing traffic volumes. The combined bridge and tunnel across the Detroit River also carry significant bus traffic (Table 2).

Entry into the motor coach industry in Ontario is regulated under the provisions of the *Public Vehicles Act*. Following a hearing, the Ontario Highway Transport Board makes a recommendation to the Minister of Transportation. All applicants whether Canadian or American are subject to the same regulations.<sup>42</sup> The Ontario industry maintains that it is because interstate bus operations are deregulated south of the border that the Americans are pressing for the deregulation of the Ontario motor coach industry.<sup>43</sup>

The Ontario industry sees its ability to compete with larger and more cost effective American operators as an overriding issue. Special charges such as franchise taxes, imposed by individual American states, may emerge as matters of concern to Canadian bus operators.<sup>44</sup>

### **Different Canadian-American Regulatory Standards for Commercial Vehicles**

Since commercial transportation carriers engaging in international commerce in North America operate in two countries, and may also operate in a variety of states or provinces, the lack of standardization among these jurisdictions or the imposition of new standards in one or more jurisdictions may impose additional costs on operators.

The insurance of Canadian commercial vehicles travelling into the United States is not perceived as an issue by Canadian carriers, government officials or the insurance industry. Insurance for Canadian carriers issued in Canada is recognized in the United States. The premiums levied reflect the routes travelled and the various

liability limits in individual states. Some states, such as California, with higher traffic volumes and damage awards, are perceived as higher risks and these factors are reflected in the premiums charged.<sup>45</sup>

Canadian and American authorities take different approaches to the testing of commercial drivers for substance abuse. Canada is employing a program of regular carrier testing whereas the United States conducts random checks.<sup>46</sup>

Under the provisions of the *Fuel Tax Act*, the Ontario Ministry of Revenue administers a program for the registration and quarterly remission of fuel taxes for local and out-of-province commercial carriers. "Single trip permits" for infrequent trips by carriers into Ontario may also be issued. Taxes are based upon mileage driven in Ontario. Similar systems exist in other states and provinces. Ontario is considering joining the International Fuel Tax Agreement, which already includes a number of American states and Alberta, and which would pool and distribute revenues and reduce local administrative costs.<sup>47</sup>

Ontario's *Highway Traffic Act* imposes shorter trailer and tractor-trailer combination length standards than does many neighbouring states or provinces. The basic maximum length for tractor-trailer combinations is 23 metres (75 feet) and for semi-trailers is 14.65 metres (48 feet). Many neighbouring jurisdictions permit 25-metre combination lengths; and, on designated major routes, combination lengths in excess of 30 metres and semi-trailer lengths of 16.5 metres for light weight, high-value loads, are permitted.<sup>48</sup> Ontario has therefore been described as a "short truck" jurisdiction "in a sea of longer trucks".<sup>49</sup> The trucking industry has maintained that these standards lead to additional costs and inefficiencies. On the other hand, there has been some public opposition to longer trucks on Ontario highways.

In general, American federal standards for interstate commerce impose lower truck gross vehicle weight and axle weight standards than do Canadian jurisdictions.<sup>50</sup> As a result, Canadian carriers must carry lighter loads when hauling south of the border.



Michigan, however, reflecting complicated jurisdictional differences, permits configurations of trucks that may allow the addition of axles and greater weights than in Ontario.<sup>51</sup>

Tax treatment in other jurisdictions may also give rise to concern. In mid-December 1992 the Ontario Trucking Association launched a lawsuit opposing a New York State franchise tax as applied to out-of-state trucking companies. The truckers are seeking an exemption from this tax and a refund of taxes already paid.<sup>52</sup>

## **OTHER ISSUES**

### **Congestion and Capacity of Border Crossings**

The smooth and efficient passage of persons and cargoes by Canadian and American customs officials at the border crossings is in the interest of private individuals, commercial carriers and shippers in both countries. It has been estimated that border crossing delays to passenger and commercial vehicles at bridges along the Niagara River "are costing the regional economy of the [Niagara] region as much as \$12 million annually".<sup>53</sup> Customs agencies of both countries have put in place inspection procedures to improve efficiency and minimize delays while still ensuring the appropriate enforcement of duties, regulations and immigration requirements.<sup>54</sup> Some physical improvements are also being made, such as a U.S. \$42 million customs and immigration plaza reconstruction project currently underway at the Michigan side of the Blue Water Bridge. This project will increase the number of inspection booths from 7 to 12.<sup>55</sup>

Over the longer term, capacity may need to be increased at some of the border crossing points between southern Ontario and New York State and Michigan. There has already been preliminary analysis of the need for a second bridge to span the St. Clair River immediately south of the present Blue Water Bridge linking Sarnia and Port Huron in Michigan. Between 1980 and 1991 annual traffic on the existing bridge

increased from 3.5 million vehicles to 6.1 million vehicles: a 74% increase.

Estimates of the cost of a new span are U.S. \$104 million, not including the cost of approach structures, land acquisition or customs facilities.<sup>56</sup>

The Ontario Ministry of Transportation is involved in a strategic transportation plan for the Niagara Region to the year 2021.<sup>57</sup> A recent technical consultant's study of the future capacity of the Niagara River bridges found that in 1990 "goods travelling over the Niagara River bridges amounted to \$17.6 billion for U.S. imports from Canada and \$14.7 billion for Canadian imports from the U.S."<sup>58</sup> It made short-term (through to the year 2000) recommendations for speeding up bridge traffic flows and longer-term proposals for widening the Peace Bridge to six lanes and rehabilitating or replacing the Whirlpool Rapids crossing.<sup>59</sup>

Any major bridge improvements or the construction of new crossings will require international discussions and agreements involving appropriate federal, state and provincial agencies in both countries. Matters for consideration include the international approval process, environmental review, financing and toll arrangements, and the construction of necessary customs facilities and approach road links.

### **Cross-Border Shopping**

From the late eighties until the early nineties, the rate of short-term cross-border shopping trips by Canadians and Ontarians to nearby American border points accelerated. In 1991 Canadians spent an estimated \$6 billion in the United States.<sup>60</sup> Canadian municipalities and retailers, particularly those in border communities, became concerned about the impact of these trends coupled with lower sales during the recession upon their commercial tax bases and the vibrancy of their cities' commercial cores. Cross-border shopping traffic has also caused periods of congestion at border bridges, in particular those along the Niagara and Detroit Rivers.



In recent months, however, largely due to the lower Canadian dollar, there appears to have been a decline in cross-border shopping by Canadians and Ontarians.<sup>61</sup> For example, Canadian patronage of a major Buffalo shopping mall on Boxing Day 1992 was reported to have sharply decreased compared with the previous year.<sup>62</sup> Also contributing to this decline are more aggressive and competitive pricing on the part of Canadian retailers, increased enforcement by Canada Customs of duty and tax requirements on purchases by short-term travellers, the waning of public resistance to the federal Goods and Services Tax (introduced on January 1, 1991), the reduction of Canadian federal tariffs on some classes of consumer merchandise (electronics, sporting goods and cameras), and "the passing of the fad of cross-border shopping".<sup>63</sup> There have also been specific local responses. Merchants in Cornwall, Ontario have with the help of Provincial grants launched a campaign to support the community quality of life by shopping locally. Grocery stores in this city also match grocery prices in Massena, New York.<sup>64</sup>

Recent provincial government actions on Sunday shopping and casino gambling may also generate American tourist business and thus have an impact on cross-border traffic. On June 3, 1992, Ontario Premier Bob Rae announced that the government decided to relax the Sunday retail business opening restrictions of the *Retail Business Holidays Act*.<sup>65</sup> In October 1992 the Ontario government declared its intention to permit gambling casinos. A casino pilot project is to be located in Windsor, Ontario's largest border community, where, it is anticipated, this facility will draw American tourist traffic.<sup>66</sup>

## FOOTNOTES

<sup>1</sup> Telephone interview with Gordon Coogan, Project Officer, Highway Policy and Program Branch, Transport Canada, Ottawa, December 1992 at (613) 998-1904. The figure "53.1 million" was obtained by doubling the Ontario inbound 1991/92 figures for these fixed crossings. The daily traffic figure was computed by dividing the estimated total yearly two-way traffic figure by 365.

<sup>2</sup> Canada, External Affairs and International Trade, "Canada's Merchandise Trade Exports 1986-1991" and "Canada's Merchandise Trade Imports 1986-1991." These pamphlets were obtained from R. Bilodeau, Deputy Director, United States Trade and Tourism Trade Development Division, External Affairs and International Trade Canada, Ottawa, at (613) 991-9480.

<sup>3</sup> United States, Bureau of the Census, *Statistical Abstract of the United States, 1992* 112th ed. (Washington, D.C.: The Bureau, 1992), Table No. 1335, pp. 802-3.

<sup>4</sup> Telephone interview with John Cotsomitis, Policy Adviser, Trade Policy Branch, Ontario Ministry of Industry, Trade and Technology, Toronto, December 1992 at (416) 325-6946. See Table 3.

<sup>5</sup> Canada, Statistics Canada, Economic Analysis Unit, *Provincial Pocket Facts* (Ottawa: The Unit, August 1992).

<sup>6</sup> Ibid.

<sup>7</sup> Drew Fagan, "Exports reach record levels," *Globe and Mail*, 18 December 1992, p. A1, 6.

<sup>8</sup> Canada, Statistics Canada, *Travel-log*, Cat. no. 87-003 (Ottawa: Minister of Industry, Science and Technology, Winter 1992), p. 2. The 1991 travel figures used are for January-November 1991 and December 1990.

<sup>9</sup> Canada, Statistics Canada, *Touriscope, International Travel: National and Provincial counts*, Cat. no. 66-001 (Ottawa: Minister of Industry, Science and Technology, April-June 1992), Table 9A.

<sup>10</sup> Ibid. For example, of the 652,578 international visitors — other than Americans — who entered Canada through the province of Ontario during the first six months of 1992, 249,776 of these (or 38 percent of the total) entered by land via the United States.

<sup>11</sup> Data obtained from Scott Johnson, United States Travel and Tourism Administration, U.S. Department of Commerce in Washington, D.C., 14 December 1992 at (202) 482-3811.

<sup>12</sup> Ibid. This American travel survey of Canadian visitors by province of residence was compiled in 1989.



<sup>13</sup> Canada, Statistics Canada, *Touriscope, International Travel: Advance Information*, Cat. no. 66-001P (Ottawa: Minister of Industry, Science and Technology, October 1992), p. 1.

<sup>14</sup> Statistics Canada, *Touriscope*, October 1992, p. 4.

<sup>15</sup> Telephone interview with Mr. Coogan.

<sup>16</sup> George A. Seibel, *Bridges Over The Niagara Gorge, Rainbow Bridge: 50 Years, 1941-1991* (Niagara Falls, Ontario: Niagara Falls Bridge Commission, 1991).

<sup>17</sup> Ibid., p. 213.

<sup>18</sup> Telephone interview with Ric Smith, Senior Policy Advisor, Passenger Modal Policy Office, Ministry of Transportation, Toronto, December 1992 at (416) 235-4040. During the winter season (November-March) Pelee Island is served by a subsidized air service.

<sup>19</sup> Canada, Statistics Canada, *Air Passenger Origin and Destination, Canada-United States Report 1991*, Cat. no. 51-205 (Ottawa: Minister of Industry, Science and Technology, August 1992), p. xiv, Table 3.1. Neither Statistics Canada nor Transport Canada compiles air cargo statistics.

<sup>20</sup> Statistics Canada, *Air Passenger Origin and Destination*, p. xiv.

<sup>21</sup> Ibid., p. 11, Table 3. Toronto figures include cross-border traffic from Pearson International, Toronto Island and Buttonville Airports: telephone interview with Lotfi Chadhi, Statistician, Aviation Statistics Centre, Transportation Division, Statistics Canada, Ottawa, January 1993 at (819) 997-1386.

<sup>22</sup> Canada, Statistics Canada, *Rail in Canada 1990*, Cat. no. 52-516 (Ottawa: Minister of Industry, Science and Technology, July 1992), pp. 163-4.

<sup>23</sup> Ibid., p. 70

<sup>24</sup> Ibid., pp. 163-4.

<sup>25</sup> Canada, Statistics Canada, *Shipping in Canada*, Cat. no. 54-205 (Ottawa: Minister of Industry, Science and Technology, March 1992), pp. 11-12.

<sup>26</sup> The regulation of private motor vehicles (automobiles) is not considered in this review since, subject to the occupants receiving customs clearance from the country being entered, private automobiles have open access for personal travel in both Canada and the United States. The operators of commercial vehicles, however, must obtain appropriate "operating authorities" in either country.

<sup>27</sup> Deloitte & Touche, Management Consultants, *The Competitiveness of the Ontario Transborder Trucking Industry Final Report* (Toronto: Ontario Ministry of Transportation, September 1991), p. 4.

<sup>28</sup> Ibid.

<sup>29</sup> Deloitte & Touche, *Competitiveness of the Ontario Transborder Trucking Industry*, p. 6.

<sup>30</sup> Telephone interview with David Bradley, President, Ontario Trucking Association, Rexdale, Ontario, December 1992 at (416) 249-7401.

<sup>31</sup> Telephone interview with Margaret Kelch, Assistant Deputy Minister, Quality and Standards, Ministry of Transportation, Downsview, December 1992 at (416) 235-4459.

<sup>32</sup> Telephone interview with Liza Tharratt, Policy Officer, Freight Modal Policy Branch, Ministry of Transportation, Downsview, December 1992 at (416) 235-3615.

<sup>33</sup> Ibid.

<sup>34</sup> Ibid.

<sup>35</sup> Deloitte & Touche, *Competitiveness of the Ontario Transborder Trucking Industry*, p. 4.

<sup>36</sup> Telephone interview with Ms. Kelch.

<sup>37</sup> Deloitte & Touche, *Competitiveness of the Ontario Transborder Trucking Industry*.

<sup>38</sup> Laura Ramsay, "New federal rules give little assistance to battered truck firms," *Financial Post*, 20 October 1992.

<sup>39</sup> Ibid. These matters were also discussed by Mr. Bradley.

<sup>40</sup> Telephone interviews with: Brian Crow, President, Ontario Motor Coach Association, Toronto, December 1992 at (416) 488-8855; and Frank D'Onofrio, Manager, Passenger Strategies Office, Passenger Transportation Policy Branch, Ministry of Transportation, Downsview, December 1992 at (416) 235-3602.

<sup>41</sup> Telephone interview with Mr. D'Onofrio.

<sup>42</sup> Ibid.

<sup>43</sup> Telephone interview with Mr. Crow.

<sup>44</sup> Ibid.

<sup>45</sup> Telephone interviews with: Ken Armstrong, Consumer and Information Officer, Insurance Bureau of Canada, Toronto, December 1992 at (416) 362-2031; Mr. Bradley; Mr. Crow; and Ms. Kelch.

<sup>46</sup> Telephone interview with Norman Brown, Executive Director, Roads and Transportation Association of Canada, Ottawa, December 1992 at (613) 736-1350.

<sup>47</sup> Telephone interview with Lennox Fraser, Tax Specialist, Motor Fuels and Tobacco Tax Branch, Ontario Ministry of Revenue, Oshawa, December 1992 at (416) 433-6395.



<sup>48</sup> Telephone interview with Mr. Bradley.

<sup>49</sup> Telephone interview with Mr. Brown.

<sup>50</sup> Ibid.

<sup>51</sup> Telephone interview with Mr. Bradley.

<sup>52</sup> Dana Flavelle, "Ontario truckers launch lawsuit against 'unfair' New York state tax," *Toronto Star*, 15 December 1992, p. A3; and telephone interview with Mr. Bradley.

<sup>53</sup> Parsons Brinckerhoff Quade and Douglas Inc. and McCormick Rankin, *U.S.-Canada Niagara River International Bridge Study: Draft Final Report* (Toronto: Ministry of Transportation, June 1992), p. B-1. The report was obtained from Mike Goodale, Manager, Provincial Planning Office, Ministry of Transportation, December 1992 at (416) 235-4375.

<sup>54</sup> Ibid, pp. A-6 and A-7; Canada, Revenue Canada, Customs and Excise, "Jelinek Starts Express Clearance for Travellers at Niagara Falls and Fort Erie Border Crossings", *Communiqué*, 3 July 1990; and United States, Department of Justice, Immigration and Naturalization Service, *News Release*, 1 May 1991.

<sup>55</sup> Michigan, Department of Transportation and Ontario, Ministry of Transportation, et al., *Report of the Blue Water Bridge Task Force (Second Draft)* (The Ministry: December 1992), pp. 4-5, 20.

<sup>56</sup> Ibid., pp. 13, 29-30.

<sup>57</sup> Ontario, Ministry of Transportation, Provincial Planning Office, *Transfocus 2021: A Strategic Transportation Plan for the Niagara-Lake Erie Area, Technical & Consultation Study Designs* (Toronto: The Ministry, August 1992), p. 3.

<sup>58</sup> Parsons, *Niagara River Bridge Study*, p. B-1. This study also examined traffic on the two railway bridges across the Niagara River and on the Whirlpool Rapids Bridge, which has a lower roadway and an upper railway deck. These trade figures therefore, though larger than figures limited to roadway links, give an indication of the commercial importance of these bridges.

<sup>59</sup> Ibid, pp. B-2 - B-5, C-1, C-2.

<sup>60</sup> Stephanie Innes and Danielle Bochove, "Cross-border shopping is over for now," *Globe and Mail*, 14 December 1992, p. A15.

<sup>61</sup> Ibid.

<sup>62</sup> Lisa Wright, "Holiday border lines dwindle as Ontario buyers stay home," *Toronto Star*, 27 December 1992, p. A8.

<sup>63</sup> Innes and Bochove, "Cross-border shopping," and telephone interview with Alasdair McKichan, President, Retail Council of Canada, Toronto, at (416) 598-4684.

<sup>64</sup> Innes and Bochove, "Cross-border shopping."

<sup>65</sup> Ontario, Legislative Assembly, *Hansard: Official Report of Debates*, 35th Parliament, 2nd Session (3 June 1992): 1044.

<sup>66</sup> Ontario, Legislative Assembly, Minister of Consumer and Commercial Relations, *Statement to the Ontario Legislature, Casino Locations*, 6 October 1992.











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